



## **State Receipt and Revenue Plans**



MULTI-YEAR FINANCIAL SUMMARY  
TOTAL EXPENDITURES AND REVENUES  
FISCAL YEARS 07 - 13  
(in millions of dollars)

	Actual <u>FY 07</u>	Estimated <u>FY 08</u>	Estimated <u>FY 09</u>	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>	Estimated <u>FY 12</u>	Estimated <u>FY 13</u>
<b>REVENUES:</b>							
Executive Branch:							
Tax Revenues	5,081.7	5,357.7	5,545.8	5,798.2	6,053.7	6,340.2	6,709.1
Nontax Revenues	2,903.8	3,204.5	3,158.9	3,045.0	3,127.0	3,188.4	3,290.2
Federal Funds	1,946.1	2,025.6	2,039.0	2,089.5	2,143.3	2,205.2	2,252.6
Judicial Branch Revenues	39.1	38.7	39.3	39.8	40.3	40.9	41.5
OHA Revenues	41.3	15.1	15.1	15.1	15.1	15.1	15.1
Other	-	(0.6)	(42.2)	(59.4)	(59.4)	(59.4)	(59.4)
Bond Receipts	680.4	953.4	942.4	1,554.1	1,512.2	1,254.6	1,109.8
<b>TOTAL REVENUES</b>	<b>10,692.4</b>	<b>11,594.4</b>	<b>11,698.3</b>	<b>12,482.4</b>	<b>12,832.3</b>	<b>12,985.0</b>	<b>13,359.0</b>
<b>EXPENDITURES:</b>							
Executive Branch:							
Operating	7,732.3	10,212.4	10,846.2	10,952.0	11,134.6	11,240.9	11,491.7
Capital Investment	1,790.8	2,003.5	1,905.8	1,081.2	780.5	525.9	370.5
Specific Appropriations	524.0	168.2	251.2	282.7	282.8	283.2	283.0
Sub-total	10,047.1	12,384.1	13,003.3	12,315.9	12,197.8	12,050.0	12,145.2
Legislative Branch	34.0	35.0	34.0	34.0	34.0	34.0	34.0
Judicial Branch	140.3	153.9	161.5	161.6	161.6	161.7	161.7
OHA	4.3	9.3	9.5	9.7	9.9	10.0	10.2
Lapses	(117.4)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)
<b>TOTAL EXPENDITURES</b>	<b>10,108.3</b>	<b>12,522.3</b>	<b>13,148.2</b>	<b>12,461.1</b>	<b>12,343.3</b>	<b>12,195.7</b>	<b>12,291.1</b>
<b>REVENUES OVER EXPEND.</b>	<b>584.1</b>	<b>(927.9)</b>	<b>(1,449.9)</b>	<b>21.3</b>	<b>489.0</b>	<b>789.3</b>	<b>1,067.9</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>							
Beginning	5,917.5	6,501.6	5,573.7	4,123.9	4,145.1	4,634.1	5,423.4
Ending	6,501.6	5,573.7	4,123.9	4,145.1	4,634.1	5,423.4	6,491.4

MULTI-YEAR FINANCIAL SUMMARY  
GENERAL FUND  
FISCAL YEARS 07 - 13  
(in millions of dollars)

	Actual <u>FY 07</u>	Estimated <u>FY 08</u>	Estimated <u>FY 09</u>	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>	Estimated <u>FY 12</u>	Estimated <u>FY 13</u>
REVENUES:							
Executive Branch:							
Tax Revenues	4,590.2	4,848.1	5,030.3	5,274.7	5,522.3	5,800.8	6,162.3
Nontax Revenues	520.6	472.9	473.8	473.3	484.1	486.1	489.4
Judicial Branch Revenues	31.2	29.1	29.6	30.1	30.5	31.0	31.5
Other		(0.6)	(42.2)	(59.4)	(59.4)	(59.4)	(59.4)
TOTAL REVENUES	5,142.1	5,349.5	5,491.5	5,718.8	5,977.6	6,258.5	6,623.9
EXPENDITURES:							
Executive Branch:							
Operating	4,745.3	5,027.4	5,373.8	5,466.5	5,562.0	5,615.9	5,750.4
CIP	57.5	50.0	-	-	-	-	-
Specific Appropriations	524.0	168.2	251.2	282.7	282.8	283.2	283.0
Sub-total	5,326.8	5,245.6	5,625.0	5,749.2	5,844.8	5,899.1	6,033.4
Legislative Branch	34.0	35.0	34.0	34.0	34.0	34.0	34.0
Judicial Branch	134.1	143.8	151.8	151.8	151.8	151.8	151.8
OHA	2.9	3.1	3.1	3.1	3.1	3.1	3.1
Counties	0.6			-	-	-	-
Lapses	(117.4)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)	(60.0)
TOTAL EXPENDITURES	5,381.0	5,367.5	5,753.9	5,878.1	5,973.7	6,028.0	6,162.3
REVENUES OVER EXPEND.	(238.9)	(18.0)	(262.3)	(159.3)	3.9	230.6	461.6
CARRY-OVER BALANCE (DEFICIT)							
Beginning	732.2	493.4	475.4	213.0	53.8	57.7	288.3
Ending	493.4	475.4	213.0	53.8	57.7	288.3	749.9
Emergency & Budget Reserve Fund	61.5	49.7	62.0	74.3	86.5	98.8	111.1

**SUMMARY STATEMENT OF GENERAL FUND  
EXPENDITURE CEILING AND APPROPRIATIONS**

**A. Total State Personal Income (in \$ millions)**

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1. Calendar Year 2003	37,837
2. Calendar Year 2004	41,075
3. Calendar Year 2005	44,333
4. Calendar Year 2006	47,340
5. Calendar Year 2007*	50,275
6. Calendar Year 2008*	53,241

\* As estimated by the Council on Revenues

**B. All Branches of State Government**

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1. General Fund Appropriations

Fiscal Year 2007	5,498,357,149
Fiscal Year 2008 (incl. proposed)	5,587,402,466
Fiscal Year 2009 (incl. proposed)	5,781,178,613

2. General Fund Expenditure Ceilings

Fiscal Year 2008	5,786,820,576
Fiscal Year 2009	6,190,247,244

**C. Executive Branch**

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1. Recommended General Fund Appropriations

Fiscal Year 2009	5,622,930,374
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2. Actual General Fund Appropriations

Fiscal Year 2007	\$5,325,598,718
Fiscal Year 2008	5,410,708,439

3. Proposed Add'l Appropriations FY 08

13,000,000

Total FY 2008

5,423,708,439

4. General Fund Appropriation Ceilings

Fiscal Year 2008	5,738,729,388
Fiscal Year 2009	5,801,820,841

MULTI-YEAR FINANCIAL SUMMARY  
FUND BALANCES OF SPECIAL FUNDS  
FISCAL YEARS 07 - 13  
(in millions of dollars)

	<u>Actual FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Transportation:							
Highways *	318.7	130.3	(34.2)	(40.7)	5.5	65.6	129.5
Airports	762.7	621.8	530.5	520.4	548.2	586.1	642.5
Harbors	185.5	174.2	166.4	169.2	188.8	209.5	233.2
Agriculture *	6.5	2.9	2.0	1.3	0.8	0.5	0.4
Business, Econ. Dev. & Tourism	64.4	51.1	39.7	34.8	35.9	42.8	55.2
Commerce & Consumer Affairs	43.1	35.2	32.6	29.1	26.4	23.1	20.5
Education *	15.5	9.0	1.8	9.7	20.1	58.0	95.9
Health	138.2	100.5	57.4	18.8	0.6	4.4	31.5
Labor & Industrial Relations	564.6	558.2	551.3	544.4	537.9	531.5	525.1
Land and Natural Resources *	53.4	39.0	20.5	11.2	2.0	(7.1)	(16.3)
University of Hawaii	76.0	105.5	59.4	18.5	23.8	33.5	43.7
Others	159.4	171.2	182.1	194.3	206.3	218.3	230.4
TOTAL	2,388.0	1,998.9	1,609.5	1,511.0	1,596.3	1,766.2	1,991.6

\* Revenues and expenditure projections will be reviewed.

MULTI-YEAR FINANCIAL SUMMARY  
SPECIAL FUNDS  
FISCAL YEARS 07 - 13  
(in millions of dollars)

	<u>Actual FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
REVENUES:							
Executive Branch:							
Tax Revenues	465.3	485.5	491.5	499.4	507.3	515.3	522.7
Nontax Revenues	1,504.7	1,763.3	1,666.9	1,522.2	1,576.4	1,599.0	1,660.1
Federal Funds	192.7	215.8	216.7	211.1	215.8	220.8	225.9
Judicial Branch Revenues	7.9	9.6	9.7	9.7	9.8	9.9	10.0
 TOTAL REVENUES	 2,170.6	 2,474.2	 2,384.8	 2,242.4	 2,309.3	 2,345.0	 2,418.7
EXPENDITURES:							
Executive Branch:							
Operating	1,448.2	2,045.2	2,148.3	2,159.3	2,167.7	2,165.7	2,183.8
Capital Investment	585.8	808.3	616.6	172.3	46.9	-	-
 Sub-total	 2,034.0	 2,853.5	 2,764.9	 2,331.6	 2,214.6	 2,165.7	 2,183.8
 Judicial Branch	 6.2	 9.8	 9.3	 9.4	 9.4	 9.5	 9.5
 Total Expenditures	 2,040.2	 2,863.3	 2,774.2	 2,340.9	 2,224.0	 2,175.1	 2,193.3
REVENUES OVER EXPEND.	130.4	(389.1)	(389.4)	(98.5)	85.3	169.9	225.4
CARRY-OVER BALANCE (DEFICIT)							
Beginning	2,257.6	2,388.0	1,998.9	1,609.5	1,511.0	1,596.3	1,766.2
Ending	2,388.0	1,998.9	1,609.5	1,511.0	1,596.3	1,766.2	1,991.6

GENERAL FUND  
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES  
FISCAL YEARS 07 - 13  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Licenses & Permits	1,245	1,001	1,001	1,001	1,001	1,001	1,001
Revenues From Use of Money and Property	85,420	69,716	69,984	69,286	68,795	65,586	65,150
Federal	6,866	5,513	5,513	5,513	5,513	5,513	5,513
Other Agencies	1,964	2,802	2,802	2,802	2,802	2,802	2,802
Charges for Current Services	212,052	203,286	210,309	216,663	223,175	230,641	236,899
Fines, Forfeits & Penalties	351	534	530	530	530	530	530
Repayment of Loans & Advanc.	26,286	27,629	24,542	18,716	22,876	20,554	18,111
Other Revenues	186,421	162,395	159,130	158,821	159,434	159,435	159,435
Sub-total	520,604	472,876	473,812	473,332	484,126	486,062	489,441
Judicial Branch Revenues	31,214	29,120	29,624	30,094	30,546	31,005	31,476
TOTAL	551,818	501,997	503,436	503,426	514,672	517,067	520,917



SPECIAL REVENUE FUNDS  
MULTI-YEAR REVENUES FROM TAXES  
FISCAL YEARS 07 - 13  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Transfer of Tobacco Tax	1,532	1,290	1,311	1,332	1,345	1,352	1,352
Liquid Fuel:							
Highway	85,868	85,167	86,229	87,304	88,392	89,494	90,610
Aviation	2,174	2,642	2,669	2,695	2,722	2,749	2,777
Small Boats	1,658	1,300	1,300	1,300	1,300	1,300	1,300
Sub-total	89,700	89,109	90,198	91,299	92,414	93,543	94,687
Transfer of Trans. Accom. Tax	106,086	118,215	121,783	126,404	131,079	135,990	141,254
Motor Vehicle Weight Tax	33,309	38,513	38,907	39,710	40,118	40,533	40,533
Vehicle Registration Fee Tax	26,499	26,526	26,792	27,062	27,335	27,611	27,891
Vehicle Surcharge:							
Rental/Tour Vehicles	46,989	52,626	53,678	54,752	55,847	56,964	57,676
Environmental Response Tax	1,741	1,800	1,800	1,800	1,800	1,800	1,800
Unemployment Comp. Tax	139,341	137,000	137,000	137,000	137,000	137,000	137,000
Employment and Training	956	870	420	440	800	950	950
Election Campaign Contrib. T.F.	220	260	260	260	260	260	260
Transfer of Banks & fin. Corp. Tax	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer of Conveyance Tax	41,079	39,400	39,400	39,400	39,400	39,400	39,400
Transfer of Ins. Premium Tax	2,008	2,000	2,000	2,000	2,000	2,000	2,000
<b>TOTAL</b>	<b>491,461</b>	<b>509,609</b>	<b>515,549</b>	<b>523,459</b>	<b>531,398</b>	<b>539,403</b>	<b>546,803</b>

SPECIAL FUNDS  
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES  
FISCAL YEARS 07 - 13  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Licenses & Permits	13,494	15,604	17,117	16,865	17,369	17,155	17,415
Revenues From Use of Money and Property	139,358	113,790	114,669	113,317	112,779	116,014	112,464
Federal	192,741	215,800	216,660	211,120	215,849	220,768	225,885
Other Agencies	37,341	103,858	103,858	53,878	53,878	53,878	53,858
Charges for Current Services: Utilities & Other Enterprises	320,635	369,225	369,293	379,127	396,430	392,840	436,201
Others	391,258	763,660	814,874	841,381	878,108	901,678	921,912
Fines, Forfeits & Penalties	4,069	2,632	2,636	2,650	2,664	2,679	2,693
Non-Revenue Receipts	598,513	394,517	244,436	115,237	115,343	115,340	115,345
Judicial Branch Revenues	7,873	9,609	9,780	9,740	9,871	9,904	10,040
TOTAL	1,705,282	1,988,695	1,893,323	1,743,315	1,802,291	1,830,256	1,895,813

SPECIAL REVENUE FUNDS - OTHER THAN SPECIAL FUNDS  
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES  
FISCAL YEARS 07 - 13  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>	<u>Estimated FY 12</u>	<u>Estimated FY 13</u>
Licenses & Permits	477	493	493	493	493	493	493
Revenues From Use of Money and Property	59,512	92,196	90,290	89,539	89,245	88,141	87,744
Federal	1,746,509	1,804,343	1,816,752	1,872,926	1,922,041	1,978,871	2,021,216
Other Agencies	19,112	12,237	12,566	12,088	12,093	12,093	12,098
Charges for Current Services	125,077	123,807	121,242	120,049	120,422	120,371	120,400
Fines, Forfeits & Penalties	2,072	1,108	958	958	958	958	958
Other Revenues	679,142	743,977	798,111	831,836	848,813	886,703	924,457
OHA Revenues	41,250	15,100	15,100	15,100	15,100	15,100	15,100
TOTAL	2,673,151	2,793,261	2,855,512	2,942,989	3,009,165	3,102,730	3,182,466

TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR  
OF THE AMOUNT OF GENERAL OBLIGATION BONDS AND REVENUE BONDS  
TO BE ISSUED IN THE FISCAL BIENNIUM

<u>GENERAL OBLIGATION BONDS</u>		<u>AMOUNT</u>	<u>TOTAL</u>
FY 2007-2008			
Quarters	Second	\$ -	
	Fourth	400,000,000	\$ 400,000,000
FY 2008-2009			
Quarters	Second	\$ 325,000,000	
	Fourth	340,000,000	665,000,000
TOTAL GENERAL OBLIGATION BONDS			<u>\$ 1,065,000,000</u>

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<u>REVENUE BONDS</u>			
FY 2007-2008			
Quarters	Third	Highways	\$ 70,000,000
	Third	Hawaii Hsg Finance & Development Corp	72,793,320
	Fourth	Airports	298,000,000
	Fourth	University of Hawaii	16,000,000
			<u>\$ 456,793,320</u>
FY 2008-2009			
Quarters	First	Harbors	\$ 108,400,000
	Second	Hawaii Hsg Finance & Development Corp	\$ 25,000,000
	Second	University of Hawaii	64,000,000
	Fourth	Hawaiian Home Lands	40,000,000
	Fourth	Hawaii Hsg Finance & Development Corp	40,000,000
			<u>277,400,000</u>
TOTAL REVENUE BONDS			<u>\$ 734,193,320</u>

**SCHEDULE OF PROJECTED DEBT SERVICE CHARGES FOR GENERAL OBLIGATION BONDS  
ISSUED AND TO BE ISSUED BY JUNE 30, 2008**

**(IN THOUSANDS)**

<b>Debt Service On Bonds Outstanding As of June 30, 2007</b>				<b>Debt Service On Bonds To Be Issued Through June 30, 2008</b>			<b>Total Estimated Debt Service</b>		
<b>Fiscal Year</b>	<b>Direct From General Fund</b>	<b>Reimbursable Debt Service</b>	<b>Total</b>	<b>Direct From General Fund</b>	<b>Reimbursable Debt Service</b>	<b>Total</b>	<b>Direct From General Fund</b>	<b>Reimbursable Debt Service</b>	<b>Total</b>
2007-2008	\$ 517,397	\$ 47,620	\$ 565,017	\$ -	\$ -	\$ -	\$ 517,397	\$ 47,620	\$ 565,017
2008-2009	\$ 522,399	\$ 43,134	\$ 565,533	\$ 30,375	\$ 3,375	\$ 33,750	\$ 552,774	\$ 46,509	\$ 599,283
2009-2010	\$ 492,760	\$ 36,112	\$ 528,872	\$ 67,501	\$ 7,499	\$ 75,000	\$ 560,261	\$ 43,611	\$ 603,872
2010-2011	\$ 481,338	\$ 39,333	\$ 520,671	\$ 107,596	\$ 11,954	\$ 119,550	\$ 588,934	\$ 51,287	\$ 640,221
2011-2012	\$ 427,416	\$ 35,877	\$ 463,293	\$ 159,098	\$ 17,678	\$ 176,775	\$ 586,514	\$ 53,555	\$ 640,068
2012-2013	\$ 428,378	\$ 32,374	\$ 460,752	\$ 212,404	\$ 23,600	\$ 236,004	\$ 640,782	\$ 55,974	\$ 696,756

**Schedule of General Obligation Bond Sales:**

**Fiscal Year 2007-2008**

**First Half**                      **\$0**

**Second Half**                **\$400,000**

**Fiscal Year 2008-2009**

**First Half**                      **\$325,000**

**Second Half**                **\$340,000**

**Maturities of Bonds to be issued:**

**20 year serial bonds with principal repayment beginning the fourth year.**

**Method of Retirement:**

**Maturing in substantial equal installment of debt service (principal and interest)**

**Assumed Interest Rate: 6.00%.**

TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR  
OF THE AMOUNT OF GENERAL OBLIGATION BONDS  
TO BE ISSUED FROM FISCAL YEAR 2008 TO FISCAL YEAR 2013

GENERAL OBLIGATION BONDS

	<u>Quarter</u>	<u>Amount</u>	<u>Total</u>
Actual:			
FY 2006-2007	Fourth Series DJ	<u>\$350,000,000</u>	<u>\$350,000,000</u>
	Total General Obligation Bonds - Actual		<u><u>\$350,000,000</u></u>
Projected:			
FY 2007-2008	Third	<u>\$400,000,000</u>	<u>\$400,000,000</u>
FY 2008-2009	Second Fourth	<u>\$325,000,000</u> <u>340,000,000</u>	<u>665,000,000</u>
FY 2009-2010	Second Fourth	<u>\$370,000,000</u> <u>370,000,000</u>	<u>740,000,000</u>
FY 2010-2011	Second Fourth	<u>\$375,000,000</u> <u>380,000,000</u>	<u>755,000,000</u>
FY 2011-2012	Second Fourth	<u>\$300,000,000</u> <u>300,000,000</u>	<u>600,000,000</u>
FY 2012-2013	Second Fourth	<u>\$300,000,000</u> <u>300,000,000</u>	<u>600,000,000</u>
	Total General Obligation Bonds-Projected		<u><u>\$ 3,760,000,000</u></u>

TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR  
OF THE AMOUNT OF REVENUE BONDS  
TO BE ISSUED FROM FISCAL YEAR 2008 TO FISCAL YEAR 2013

		<u>REVENUE BONDS</u>	
<u>Actual:</u>	<u>Quarter</u>	<u>Amount</u>	<u>Total</u>
FY 2006-2007	First Harbors	96,570,000	
	First University of Hawaii	133,810,000	
	Second University of Hawaii	100,000,000	
FY 2007-2008	First Harbors	51,645,000	
	Second Hawaii Hsg Finance & Development Corp	45,000,000	427,025,000
		Total Revenue Bonds- Actual	427,025,000
<u>Projected:</u>			
FY 2007-2008	Third Highways	\$ 70,000,000	
	Third Hawaii Hsg Finance & Development Corp	72,793,320	
	Fourth Airports	298,000,000	
	Fourth University of Hawaii	16,000,000	456,793,320
FY 2008-2009	First Harbors	108,400,000	
	Second Hawaii Hsg Finance & Development Corp	25,000,000	
	Second University of Hawaii	64,000,000	
	Fourth Hawaiian Home Lands	40,000,000	
FY 2009-2010	Fourth Hawaii Hsg Finance & Development Corp	40,000,000	277,400,000
	First Harbors	186,100,000	
	Second Airports	373,000,000	
	Second University of Hawaii	50,000,000	
FY 2010-2011	Third Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth Highways	80,000,000	
	Fourth Hawaiian Home Lands	60,000,000	
	Fourth Hawaii Hsg Finance & Development Corp	40,000,000	814,100,000
FY 2011-2012	First Harbors	324,200,000	
	Second Airports	343,000,000	
	Second University of Hawaii	25,000,000	
	Second Hawaii Hsg Finance & Development Corp	25,000,000	
FY 2011-2012	Fourth Hawaii Hsg Finance & Development Corp	40,000,000	757,200,000
	First Harbors	174,600,000	
	First University of Hawaii	30,000,000	
	Second Airports	305,000,000	
FY 2012-2013	Third Hawaii Hsg Finance & Development Corp	25,000,000	
	Fourth Hawaii Hsg Finance & Development Corp	40,000,000	
	Fourth Highways	80,000,000	654,600,000
FY 2012-2013	First Harbors	48,800,000	
	Second Airports	\$ 371,000,000	
	Second University of Hawaii	25,000,000	
	Third Hawaii Hsg Finance & Development Corp	25,000,000	
		Fourth Hawaii Hsg Finance & Development Corp	40,000,000
			509,800,000
		Total Revenue Bonds- Projected	\$ 3,469,893,320

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## DECLARATION OF FINDINGS

Pursuant to Section 37-72 of the Hawaii Revised Statutes, the Director of Finance finds and declares that with respect to the proposed capital improvement appropriations for the budget period 2008-2009 for which the source of funding is general obligation bonds:

(1) Limitation on general obligation debt. Article VII, Section 13, of the State Constitution, states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed ... a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, Section 13, also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year."

(2) Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2007-2008 and estimated for each fiscal year from fiscal year 2008-2009 to 2010-2011, is as follows:

<u>Fiscal Year</u>	<u>Net General Fund Revenues</u>	<u>Debt Limit</u>
2004-2005	4,471,460,582	
2005-2006	4,904,019,330	
2006-2007	5,122,620,268	
2007-2008	5,330,804,000	894,049,511
2008-2009	5,518,746,000	947,042,355
2009-2010	5,769,783,000	984,950,500
2010-2011	(not applicable)	1,024,858,868

For fiscal years, 2007-2008, 2008-2009, 2009-2010 and 2010-2011 respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by eighteen and one-half percent. The net general fund revenues for fiscal years 2004-2005, 2005-2006 and 2006-2007 are actual, as certified by the Director of Finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2007, dated November 29, 2007. The net general fund revenues for fiscal years 2007-2008 to 2009-2010 are estimates, based on general fund revenue estimates made as of August 28, 2007, by the Council on Revenues, the body assigned by Article VII, Section 7, of the State Constitution to make such estimates, and based on estimates made by the Department of Budget and Finance of those receipts which cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the Director of Finance finds to be reasonable.

(3) Principal and interest on outstanding bonds applicable to the debt limit. In determining the power of the State to issue general obligation bonds for the fiscal years 2008-2009 to 2026-2027, the total amount of principal and interest on outstanding general obligation bonds are as follows:

Fiscal Year Ending June 30	Gross			Excludable			Net Debt Service		
	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable
2008	323,825,308	241,191,737	565,017,045	16,418,562	2,664,674	19,083,236	307,406,746	238,527,063	545,933,809
2009	338,569,472	226,963,378	565,532,850	12,961,355	1,875,615	14,836,970	325,608,117	225,087,763	550,695,880
2010	333,834,540	195,037,896	528,872,436	6,915,287	1,336,541	8,251,828	326,919,253	193,701,355	520,620,608
2011	355,720,000	164,951,459	520,671,459	10,294,974	1,068,443	11,363,417	345,425,026	163,883,016	509,308,042
2012	315,505,000	147,788,200	463,293,200	7,682,914	654,709	8,337,623	307,822,086	147,133,491	454,955,577
2013	329,140,000	131,611,705	460,751,705	4,667,482	330,119	4,997,601	324,472,518	131,281,586	455,754,104
2014	299,665,000	115,059,332	414,724,332	3,966,623	227,197	4,193,820	295,698,377	114,832,135	410,530,512
2015	299,055,000	99,797,357	398,852,357	3,800,104	156,133	3,956,237	295,254,896	99,641,224	394,896,120
2016	231,170,000	85,115,596	316,285,596	2,441,057	90,960	2,532,017	228,728,943	85,024,636	313,753,579
2017	255,805,000	73,041,052	328,846,052	2,124,469	51,141	2,175,610	253,680,531	72,989,911	326,670,442
2018	199,235,000	61,389,492	260,624,492	973,985	16,062	990,047	198,261,015	61,373,430	259,634,445
2019	162,920,000	52,761,103	215,681,103	2,420	382	2,802	162,917,580	52,760,721	215,678,301
2020	148,390,000	44,946,159	193,336,159	2,546	262	2,808	148,387,454	44,945,897	193,333,351
2021	157,150,000	37,327,021	194,477,021	2,674	134	2,808	157,147,326	37,326,887	194,474,213
2022	164,050,000	29,240,433	193,290,433	0	0	0	164,050,000	29,240,433	193,290,433
2023	130,075,000	21,300,741	151,375,741	0	0	0	130,075,000	21,300,741	151,375,741
2024	127,920,000	14,886,959	142,806,959	0	0	0	127,920,000	14,886,959	142,806,959
2025	92,590,000	8,920,728	101,510,728	0	0	0	92,590,000	8,920,728	101,510,728
2026	76,505,000	4,802,655	81,307,655	0	0	0	76,505,000	4,802,655	81,307,655
2027	29,425,000	1,471,250	30,896,250	0	0	0	29,425,000	1,471,250	30,896,250

Additionally, the outstanding principal amount of bonds constituting instruments of indebtedness in which the State has incurred a contingent liability as a guarantor is \$191,000,000, all or a portion of which pursuant to Article VII, Section 13 of the State Constitution, is excludable in determining the power of the State to issue general obligation bonds.

(4) Amount of authorized and unissued general obligation bonds and proposed bonds. As calculated from the State Comptroller's bond fund report as of October 31, 2007, adjusted for (a) appropriations made in Acts 169 and 213, Session Laws of Hawaii 2007, to be expended in fiscal year 2008-2009 (b) lapses proposed in THE EXECUTIVE BUDGET SUPPLEMENTAL (Budget Period: 2007-2009} (referred to as the "Budget") is the total amount of authorized but unissued general obligation bonds amounting to \$1,994,210,978. The amount of general obligation bonds proposed in the Budget is \$564,424,000 (does not include capital improvement appropriations to be funded through the issuance of general obligation bonds proposed by the Judiciary). The total amount of general obligation bonds previously authorized and unissued and the general obligation bonds proposed in the Budget is \$2,558,634,978.

(5) Proposed general obligation bond issuance. As reported in the Budget, as it applies to the fiscal period 2007-2008 to 2010-2011, the State proposed to issue \$400,000,000 in general obligation bonds during the remainder of fiscal year 2007-2008, \$325,000,000 in general obligation bonds during the first half of fiscal year 2008-2009, \$340,000,000 in general obligation bonds during the second half of fiscal year 2008-2009, \$370,000,000 in general obligation bonds semi annually during fiscal years 2009-2010, \$375,000,000 in general obligation bonds during the first half of fiscal year 2010-2011, and \$380,000,000 in general obligation bonds during the second half of fiscal year 2010-2011. It is the practice of the State to issue twenty-year serial bonds with principal repayments beginning the fourth year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds,

which are proposed to be issued except that principal repayments will begin in the fourth year.

(6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds and the bonds proposed in the Budget. From the schedule reported in paragraph (5), the total amount of general obligation bonds, which the State proposes to issue during this fiscal year and in fiscal years 2008-2009, 2009-2010, and 2010-2011, is \$2,560,000,000. The total amount of \$2,560,000,000 which is proposed to be issued through fiscal year 2010-2011 is sufficient to meet the requirements of the previously authorized and unissued bonds and the bonds proposed in the Budget, the total amount of which is \$2,558,634,978, as reported in paragraph (4). Thus, taking the Budget into account the amount of previously authorized and unissued bonds and bonds proposed in the versus the amount of bonds which is proposed to be issued by June 30, 2011, the Director of Finance finds that in the aggregate, the amount of bonds is sufficient to meet these requirements.

(7) Bonds excludable in determining the power of the State to issue bonds. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general obligation bonds. (A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issuance because:

(i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in the Budget will be implemented and will require the application of proceeds from a particular bond issue; and

(ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the Director of Finance notes that with respect to the principal and interest on outstanding general obligation bonds, as reported in Section 3 herein, the average proportion of principal and interest which is excludable each year from calculation against the debt limit is 1.86 percent for the ten years from fiscal year 2007-2008 to fiscal year 2016-2017. For the purpose of this declaration, the assumption is made that 1 percent of each bond issue will be excludable from the debt limit, an assumption which the Director of Finance finds to be reasonable and conservative.

(B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded but only to the extent the principal amount of such guaranties does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise excluded under subparagraph (A) of this paragraph (7) and provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the Department of Budget and Finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under Article VII, Section 13 of the State Constitution for the fiscal years 2007-2008, 2008-2009, 2009-2010 and 2010-2011 are as follows:

<u>Fiscal Year</u>	<u>Total amount of General Obligation Bonds not otherwise excluded by Article VII, Section 13 of the State Constitution</u>
2007-2008	4,442,724,012
2008-2009	4,762,504,540
2009-2010	5,161,270,000
2010-2011	5,553,000,000

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a contingent liability to an actual liability, the aggregate principal amount of the portion of the


outstanding guaranties and the guaranties proposed to be incurred, which does not exceed seven percent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have been established as heretofore provided by, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to Article II, Section 3 of the State Constitution will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), the aggregate principal amount of the portion of the outstanding guaranties; which must be included in determining the power of the State to issue general obligation bonds, is \$0.

(8) Determination whether the debt limit will be exceeded at the time of issuance. From the foregoing and on the assumption that the bonds identified in paragraph (5) will be issued at an interest rate of 6 percent thereafter, as reported in the Budget, it can be determined from the following schedule that the bonds which are proposed to be issued, which includes all bonds issued and outstanding, bonds previously authorized and unissued and the bonds proposed in the Budget, will not cause the debt limit to be exceeded at the time of each bond issuance:

<u>Time of Issue and Amount of Issue to be Counted Against Debt Limit</u>	<u>Debt Limit at Time of Issuance</u>	<u>Greatest Amount &amp; Year of Principal &amp; Interest</u>
2nd half FY 2007-2008 \$396,000,000	894,049,511	589,292,850 (2008-2009)
1st half FY 2008-2009 \$321,750,000	947,042,355	598,945,350 (2008-2009)
2nd half FY 2008-2009 \$336,600,000	947,042,355	592,133,436 (2009-2010)
1st half FY 2009-2010 \$366,300,000	984,950,500	605,910,459 (2010-2011)
2nd half FY 2009-2010 \$366,300,000	984,950,500	627,888,459 (2010-2011)
1st half FY 2010-2011 \$371,250,000	1,024,858,868	639,025,959 (2010-2011)
2nd half FY 2010-2011 \$376,200,000	1,024,858,868	649,846,455 (2012-2013)

(9) Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings, the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds proposed in the Budget and for all bonds previously authorized and unissued and calculated for all bonds issued and outstanding and guaranties, will not cause the debt limit to be exceeded at the time of issuance.

The Director of Finance hereby finds that the bases for the declaration of findings set forth herein are reasonable. The assumptions set forth in this declaration with respect to the principal amount of general obligation bonds which will be issued, the amount of principal and interest on reimbursable general obligation bonds which are assumed to be excludable and the assumed maturity structure shall not be deemed to be binding, it being the understanding that such matters must remain subject to substantial flexibility.

  
 Director of Finance  
 State of Hawaii

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